



equinor

June 17, 2020

VIA Federal Express

Attn: US Department of Interior
Bureau of Ocean Energy Management
Gulf Of Mexico OCS Region
1201 Elmwood Park Boulevard,
New Orleans, LA 70123-2394
Attn: Adjudication Section

Re: Memorandum of Operating Agreement
Non-Required Filing for Leases: OCS-G 36734, OCS-G-36735, OCS-G 36736

Dear Adjudication Section:

Enclosed please find the following item that we ask you to file in the Non-Required File pertaining to ***all of the Following Lease Numbers:***

| | | |
|-------------|-------------|-------------|
| OCS-G 36734 | OCS-G-36735 | OCS-G 36736 |
|-------------|-------------|-------------|

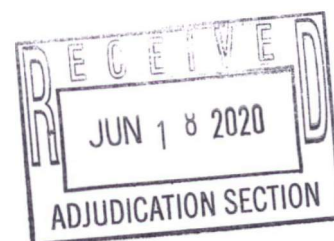
1. **Memorandum of Operating Agreement and Financial Statement (Bowmore)** by and between Equinor Gulf of Mexico LLC (#02748) and Shell Offshore Inc. (#00689) effective June 1, 2020. **Please file in Category 7- Contracts, Agreements and Conveyances.**

Enclosed is the Pay.Gov Receipt (Agency Tracking ID: 76008688283), in the Total amount of \$87.00, for payment of the filing fee.

If you should have any questions, please don't hesitate to call me 832-874-0559 or email me at mcisn@equinor.com.

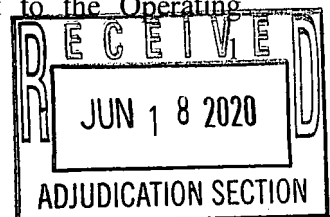
Sincerely,

Madeline Cisneros
Senior Land Analyst



**MEMORANDUM OF OPERATING AGREEMENT, MORTGAGE, SECURITY
AGREEMENT, AND FINANCING STATEMENT**

- 1.0 This Memorandum of Operating Agreement, Mortgage, Security Agreement, and Financing Statement (this "Memorandum") is effective as of the effective date of the Operating Agreement referred to in Paragraph 2.0 below (the "Effective Date") and is executed by Equinor Gulf of Mexico LLC (the "Operator"), whose mailing address is 2107 CityWest Boulevard, Suite 100, Houston, Texas 77042 and Shell Offshore Inc., whose address is P.O. Box 61933, New Orleans, LA 70161 (referred to herein as "Non-Operator").
- 2.0 The Operator and the Non-Operator are parties to that certain Operating Agreement, Prospect Bowmore, dated June 1, 2020 (the "Operating Agreement"), providing for the development and production of crude oil, natural gas and associated substances from the lands and oil and gas lease described in Exhibit "A" of the Operating Agreement (hereinafter called the "Contract Area") (such lands and oil and gas lease(s) being more particularly described in Attachment "1" to this Memorandum) and designating Equinor Gulf of Mexico LLC as the Operator, to conduct such operations for itself and the undersigned Non-Operator. All such leases (or portions thereof) identified in Exhibit "A" of the Operating Agreement and Attachment "1" to this Memorandum and any future oil and gas leases that may be acquired by the Operator and the Non-Operator and added to the Contract Area as substitutions for, or replacements of, existing leases or as leases acquired in the future covering lands included in the Contract Area are hereinafter collectively called the "Leases."
- 3.0 Among other provisions, the Operating Agreement (i) provides for certain liens, mortgages, pledges and security interests to secure payment by the parties of their respective share of costs and performance of other obligations under the Operating Agreement, (ii) contains an Accounting Procedure, which establishes interest to be charged on indebtedness, certain costs, and other expenses under the Operating Agreement at the rate set forth therein, and which provides for other matters, (iii) includes non-consent clauses which establish that parties who elect not to participate in certain operations shall be deemed to have relinquished their interest in production until the carrying consenting parties recover their costs of such operations plus a specified amount, and (iv) grants certain preferential rights to purchase.
- 4.0 The Operator hereby certifies that a true and correct copy of the Operating Agreement is on file and is available for inspection by third parties at the offices of the Operator at the address set forth in this Memorandum.
- 5.0 In addition to any other security rights and remedies provided for by law with respect to services rendered or materials and equipment furnished under the Operating Agreement, for and in consideration of the covenants and mutual undertakings of the Operator and each Non-Operator set forth in the Operating Agreement, the Operator and each Non-Operator hereby agree as follows:
 - 5.1 To secure the complete and timely performance of and payment by each Non-Operator of all obligations and indebtedness of every kind and nature, whether now owed by such Non-Operator or hereafter arising, pursuant to the Operating



Agreement, each Non-Operator hereby grants to the Operator a lien, mortgage, hypothecation, and pledge of and over all of its rights, titles, and interests in and to (a) the Leases, (b) the oil and gas in, on, under, and that may be produced from the lands within the Contract Area, and (c) all other immovable property susceptible of mortgage situated within the Contract Area.

- 5.2 To secure the performance of and payment by each Non-Operator of all obligations and indebtedness, whether now owed by such Non-Operator or hereafter arising, pursuant to the Operating Agreement, each Non-Operator hereby grants to the Operator a continuing security interest in and to all of its rights, titles, interests, claims, general intangibles, proceeds and products thereof, whether now existing or hereafter acquired, in and to (a) all oil, gas, and other minerals produced from the lands covered by the Leases or the Contract Area or attributable to the Leases or included within the Contract Area when produced; (b) all accounts receivable accruing or arising as a result of the sale of such oil, gas, and other minerals (including, without limitation, accounts arising from gas imbalances or from the sale of oil, gas and other minerals at the wellhead); (c) all cash or other proceeds from the sale of such oil, gas, and other minerals once produced; and (d) all platforms, wells, facilities, fixtures, other corporeal property whether movable or immovable, whether now or hereafter placed on the offshore blocks covered by the Leases or the Contract Area or maintained or used in connection with the ownership, use or exploitation of the Leases or the Contract Area, and other surface and sub-surface equipment of any kind or character located on or attributable to the Leases or the Contract Area and the cash or other proceeds realized from the sale, transfer, disposition or conversion thereof. The interest of each Non-Operator in and to the oil, gas, and other minerals produced from or attributable to the Leases when extracted and the accounts receivable accruing or arising as the result of the sale thereof shall be financed at the wellhead of the well or wells located on the Leases or the Contract Area. To the extent permissible under applicable law, the security interest granted by each Non-Operator hereunder covers: (a) all substitutions, replacements; and accessions to the property of such Non-Operator described herein and is intended to cover all of the rights, titles and interests of such Non-Operator in all movable property now or hereafter located upon or used in connection with the Contract Area, whether corporeal or incorporeal; (b) all rights under any gas balancing agreement, farmout agreement, option farmout agreement, acreage and cash contributions, and conversion rights of such Non-Operator in connection with the Leases or the Contract Area, the oil, gas and other minerals produced from or attributable to the Leases, or the Contract Area, whether now owned and existing or hereafter acquired or arising, including, without limitation, all interests of each Non-Operator in any partnership, tax partnership, limited partnership, association, joint venture, or other entity or enterprise that holds, owns, or controls any interest in the Contract Area; and (c) all rights, claims, general intangibles, and proceeds, whether now existing or hereafter acquired, in and to the contracts, agreements, permits, licenses, rights-of-way, and similar rights and privileges that relate to or are appurtenant to any of the Leases or the Contract Area, including the following:

- (i) all of its rights, titles, and interests, whether now owned and or existing or hereafter acquired or arising, in, to and under or derived from any present or future operating, farmout, bidding, pooling, unitization, and communitization agreements, assignments, and subleases, whether or not described in Exhibit "A" of the Operating Agreement, to the extent, and only to the extent, that such agreements, assignments, and subleases cover or include any of its rights, titles, and interests, whether now owned and existing or hereafter acquired or arising, in and to all or any portion of the Leases or the Contract Area, and all units created by any such pooling, unitization, and communitization agreements and all units formed under orders, regulations, rules, or other official acts of any governmental authority having jurisdiction, to the extent and only to the extent that such units cover or include all or any portion of the Leases or the Contract Area;
- (ii) all of its rights, titles, and interests, whether now owned and existing or hereafter acquired or arising, in, to, and under or derived from all presently existing and future advance payment agreements, oil, casinghead gas, and gas sales, exchange, and processing contracts and agreements, including, without limitation, those contracts and agreements that are described on Exhibit "A" of the Operating Agreement, to the extent, and only to the extent, those contracts and agreements cover or include all or any portion of the Leases or the Contract Area; and
- (iii) all of its rights, titles, and interests, whether now owned and existing or hereafter acquired or arising, in, to, and under or derived from all existing and future permits, licenses, rights-of-way, and similar rights and privileges that relate to or are appurtenant to any of the Leases or the Contract Area.

5.3 The entire amount of obligations and indebtedness of each Non-Operator to the Operator is secured hereby without limitation. The liability of each Non-Operator under this Memorandum and the mortgage and security interest granted hereby shall be limited to (and the Operator shall not be entitled to enforce the same against such Non-Operator for, an amount exceeding) the actual obligations and indebtedness (including all interest charges, costs, attorneys' fees, and other charges provided for in this Memorandum or in the Operating Agreement) outstanding and unpaid and that are attributable to or charged against the interest of such Non-Operator pursuant to the Operating Agreement. **For clarity, there is no predetermined limit on potential obligations and liabilities pursuant to the Operating Agreement, and the mortgage, hypothecation, pledge, liens and security interests created under the Operating Agreement and this Memorandum are in addition to any and all rights and remedies under law.**

5.4 This Memorandum (including a carbon, photographic, or other reproduction thereof and hereof) shall constitute a non-standard form of financing statement under the terms of Chapter 9 of the Texas Business & Commercial Code, VTCA Bus. & Com. Code §§9.101 thru 709 et seq. (the "Uniform Commercial Code", as adopted in the

State of Texas) and, as such, for the purposes of the security interest in favor of the Operator, may be filed for record in the office of the Clerk of Court of any county in the State of Texas, with Operator being the secured party and Non-Operator being the debtor with respect to such filing.

- 5.5 To secure the complete and timely performance of and payment by the Operator to the Non-Operators of all obligations and indebtedness of every kind and nature, whether now owed by Operator or hereafter arising, pursuant to the Operating Agreement, Operator hereby grants to each Non-Operator a lien, mortgage, hypothecation, and pledge of and over all of its rights, titles, and interests in and to (a) the Leases, (b) the oil and gas in, on, under, and that may be produced from the lands within the Contract Area, and (c) all other immovable property susceptible of mortgage situated within the Contract Area.
- 5.6 To secure the performance of and payment by the Operator of all obligations and indebtedness, whether now owed by the Operator or hereafter arising, pursuant to the Operating Agreement, the Operator hereby grants to each Non-Operator a continuing security interest in and all of its rights, titles, interests, claims, general intangibles, proceeds, and products thereof, whether now existing or hereafter acquired, in and to (a) all oil, gas, and other minerals produced from the lands covered by the Leases or included within the Contract Area or attributable to the Leases or the Contract Area when produced; (b) all accounts receivable accruing or arising as a result of the sale of such oil, gas, and other minerals (including, without limitation, accounts arising from gas imbalances or from the sale of oil, gas and other minerals at the wellhead); (c) all cash or other proceeds from the sale of such oil, gas, and other minerals once produced; and (d) all platforms, wells, facilities, fixtures, other corporeal property whether movable or immovable, whether now or hereafter placed on the offshore blocks covered by the Leases or the Contract Area or maintained or used in connection with the ownership, use or exploitation of the Leases or the Contract Area, and other surface and sub-surface equipment of any kind or character located on or attributable to the Leases or the Contract Area and the cash or other proceeds realized from the sale, transfer, disposition or conversion thereof. The interest of the Operator in and to the oil, gas, and other minerals produced from or attributable to the Leases when extracted and the accounts receivable accruing or arising as the result of the sale thereof shall be financed at the wellhead of the well or wells located on the Leases or the Contract Area. To the extent permissible under applicable law, the security interest granted by the Operator hereunder covers: (a) all substitutions, replacements, and accessions to the property of the Operator described herein and is intended to cover all of the rights, titles and interests of the Operator in all movable property now or hereafter located upon or used in connection with the Contract Area, whether corporeal or incorporeal; (b) all rights under any gas balancing agreement, farmout agreement, option farmout agreement, acreage and cash contributions, and conversion rights of the Operator in connection with the Leases or the Contract Area, the oil, gas, and other minerals produced from or attributable to the Leases, or the Contract Area, whether now owned or existing or hereafter acquired or arising, including, without limitation, all interests of the Operator in any partnership, tax

partnership, limited partnership, association, joint venture, or other entity or enterprise that holds, owns, or controls any interest in the Contract Area; and (c) all rights, claims, general intangibles, and proceeds, whether now existing or hereafter acquired, in and to the contracts, agreements, permits, licenses, rights-of-way, and similar rights and privileges that relate to or are appurtenant to any of the Leases or the Contract Area, including the following:

- (i) all of its rights, titles, and interests, whether now owned and existing or hereafter acquired or arising, in, to, and under or derived from any present or future operating, farmout, bidding, pooling, unitization, and communitization agreements, assignments, and subleases, whether or not described in Exhibit "A" of the Operating Agreement, to the extent, and only to the extent, that such agreements, assignments, and subleases cover or include any of its rights, titles, and interests, whether now owned and existing or hereafter acquired or arising, in and to all or any portion of the Leases or the Contract Area, and all units created by any such pooling, unitization, and communitization agreements and all units formed under orders, regulations, rules, or other official acts of any governmental authority having jurisdiction, to the extent and only to the extent that such units cover or include all or any portion of the Leases or the Contract Area;
- (ii) all of its rights, titles, and interests, whether now owned and existing or hereafter acquired or arising, in, to and under or derived from all presently existing and future advance payment agreements, oil, casinghead gas, and gas sales, exchange, and processing contracts and agreements, including, without limitation, those contracts and agreements that are described on Exhibit "A" of the Operating Agreement, to the extent, and only to the extent, those contracts and agreements cover or include all or any portion of the Leases or the Contract Area; and
- (iii) all of its rights, titles, and interests, whether now owned and existing or hereafter acquired or arising, in, to, and under or derived from all existing and future permits, licenses, rights-of-way, and similar rights and privileges that relate to or are appurtenant to any of the Leases or the Contract Area.

Each party to the Operating Agreement paying its share of unpaid expenses pursuant to Section 6.5 (Unpaid Charges) of the Operating Agreement, shall, to obtain reimbursement thereof, be subrogated to the security rights described herein.

- 5.7 The entire amount of obligations and indebtedness of the Operator to the Non-Operators is secured hereby without limitation. The liability of the Operator under this Memorandum and the mortgage and security interest granted hereby shall be limited to (and the Non-Operators shall not be entitled to enforce the same against Operator for, an amount exceeding) the actual obligations and indebtedness (including all interest charges, costs, attorneys' fees, and other charges provided for in this Memorandum or in the Operating Agreement) outstanding and unpaid and that

are attributable to or charged against the interest of the Operator pursuant to the Operating Agreement. **For clarity, there is no predetermined limit on potential obligations and liabilities pursuant to the Operating Agreement, and the mortgage, hypothecation, pledge, liens and security interests created under the Operating Agreement and this Memorandum are in addition to any and all rights and remedies under law.**

- 5.8 For the purposes of the security interest in favor of the Non-Operator, this Memorandum (including a carbon, photographic, or other reproduction thereof and hereof) may be filed as a non-standard form of financing statement pursuant to the Uniform Commercial Code in the office of the Clerk of Court of any county in the State of Texas, with Non-Operator being the secured party and Operator being the debtor with respect to such filing.
- 6.0 This Memorandum is to be filed or recorded, as the case may be, in (a) the conveyance records of the county or counties adjacent to the offshore blocks contained within the Contract Area pursuant to VTCA Bus. & Com. Code § 9.501 to serve as notice of the existence of the Operating Agreement as a burden on the title of the Operator and the Non-Operator to their interests in and to the Leases and the Contract Area, (b) the mortgage records of the county or counties adjacent to the offshore blocks contained within the Contract Area, (c) the non-required records of the United States Department of the Interior Bureau of Ocean Energy Management with respect to each of the Leases, and (d) the appropriate Uniform Commercial Code records. All parties to the Operating Agreement are identified on Attachment "1" hereto. All farmors and option farmors, if any, who have granted support within the Contract Area are identified on Attachment "2" to be attached hereto if any such farmors have granted support within the Contract Area.
- 7.0 If performance of any obligation under the Operating Agreement or payment of any indebtedness created thereunder does not occur or is not made when due under the Operating Agreement or on default of any covenant or condition of the Operating Agreement, in addition to any other remedy afforded by law, each party to the Operating Agreement and any successor to such party by assignment, operation of law, or otherwise, shall have, and is hereby given and vested with, the power and authority to foreclose the security interest established in its favor in the Operating Agreement and herein in the manner provided by law and to exercise all rights of a secured party under the Uniform Commercial Code. If any Non-Operator does not pay its indebtedness or perform its obligations under the Operating Agreement when due, the Operator shall have the additional right to (i) withhold delivery of such Non-Operator's Hydrocarbons and retain them for Operator's own account and ownership, or (ii) notify the purchaser or purchasers of the defaulting Non-Operator's production and collect such indebtedness out of the proceeds from the sale of the defaulting Non-Operator's share of production until the amount owed has been paid. Each purchaser shall be entitled to rely on the Operator's statement concerning the amount owed by such defaulting Non-Operator. The Operator shall have the right to offset the amount of indebtedness owed by the defaulting Non-Operator against any payment made to the Operator by any purchaser, and such payment made to the Operator by any purchaser shall be binding and conclusive as between such purchaser and such defaulting Non-Operator.

- 8.0 Upon expiration of the Operating Agreement and the satisfaction of all obligations and indebtedness established thereunder, on behalf of all parties to the Operating Agreement, the Operator shall file of record an appropriate release and termination of all security and other rights created under the Operating Agreement and this Memorandum. Upon the filing of such release and termination instrument, all benefits and obligations under this Memorandum shall terminate as to all parties who have executed or ratified this Memorandum. In addition, at any time prior to the filing of such release and termination instrument, the Operator and the Non-Operators shall have the right to file a continuation statement pursuant to the Uniform Commercial Code with respect to any financing statement or reinscription statement to the mortgage records filed in their favor under the terms of this Memorandum.
- 9.0 It is understood and agreed by the parties hereto that if any part, term, or provision of this Memorandum is held by the courts to be illegal or in conflict with any law of the state where made, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Memorandum did not contain the particular part, term or provision held to be invalid.
- 10.0 This Memorandum shall be binding upon and shall inure to the benefit of the parties hereto and to their respective legal representatives, successors and permitted assigns. The failure of one or more persons owning an interest in the Contract Area to execute this Memorandum shall not in any manner affect the validity of the Memorandum as to those persons who execute this Memorandum.
- 11.0 A party having an interest in the Contract Area may ratify this Memorandum by execution and delivery of an instrument of ratification, adopting and entering into this Memorandum, and such ratification shall have the same effect as if the ratifying party had executed this Memorandum or a counterpart thereof. By execution or ratification of this Memorandum, such party hereby consents to its ratification and adoption by any party who acquires or may acquire any interest in the Contract Area.
- 12.0 This Memorandum may be executed or ratified in one or more counterparts and all of the executed or ratified counterparts shall together constitute one instrument. For purposes of recording, in each of the records described in Paragraph 6 above, duplicate copies of this Memorandum with individual signature pages attached thereto are required to be filed of record, one copy of each to be indexed in the name of the Operator, as grantor, and one copy of each to be indexed in the name of each Non-Operator, as grantor, and duplicate copies of this Memorandum with individual signature pages attached thereto shall be filed in the appropriate Uniform Commercial Code records, one filing for the Operator, as secured party, and another filing for each Non-Operator, as secured parties. The respective addresses of the Operator, as both secured party and debtor, and each Non-Operator, as both debtor and secured party, at which information with respect to the security interests created in the Operating Agreement may be obtained, are set forth in Paragraph 1.0 of this Memorandum.
- 13.0 Whenever the context requires, reference herein made to the single number shall be understood to include the plural, and the plural shall likewise be understood to include the

singular, and specific enumeration shall not exclude the general, but shall be construed as cumulative.

- 14.0 The Operator and each Non-Operator hereby agree to execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, any instrument or take any action necessary or appropriate to effectuate the terms of the Operating Agreement or any Exhibit, instrument, certificate or other document thereto.

EXECUTED on the dates set forth below each signature but dated effective as of the Effective Date.

OPERATOR:

Equinor Gulf of Mexico LLC

By: Bill Moore
Name: Bill Moore
Title: Land Manager
Date: 6-11-20

NON-OPERATOR:

Shell Offshore Inc.

By: Kelly E. Ripley
Name: Kelly E. Ripley
Title: Attorney-in-Fact
Date: JUN 9 2020

WITNESSES:

[Signature]
Jayne Galt

WITNESSES:

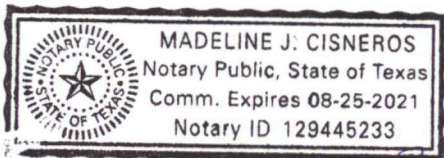
Gindsay Turner
J. Hippman

ACKNOWLEDGEMENT

OPERATOR:

STATE OF TEXAS
COUNTY OF HARRIS

On this 11 day of JUNE, 2020, before me, appeared Bill Moore, to me personally known, who, being by me duly sworn, did say that he is the Land Manager of Equinor Gulf of Mexico LLC and that the foregoing instrument was signed on behalf of the corporation by authority of its Board of Directors and that he acknowledged the instrument to be the free act and deed of the corporation.



Madeline J. Cisneros
NOTARY PUBLIC

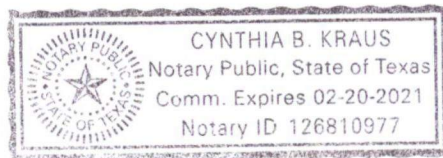
My Commission expires: 8-25-2021

ACKNOWLEDGEMENT

NON-OPERATOR:

STATE OF TEXAS
COUNTY OF HARRIS

On this 9th day of June, 2020, before me, appeared Kelly E. Ripley, to me personally known, who, being by me duly sworn, did say that she is an Attorney-in-Fact for Shell Offshore Inc. and that the foregoing instrument was signed on behalf of the corporation by authority of its Board of Directors and that she acknowledged the instrument to be the free act and deed of the corporation.



Cynthia B. Kraus
NOTARY PUBLIC

My Commission expires: 2/20/2021

ATTACHMENT "1"

Attached to and made a part of that certain Prospect Bowmore Memorandum of Operating Agreement, Mortgage, Security Agreement and Financing Statement dated effective June 1, 2020, by and between Equinor Gulf of Mexico LLC, as Operator, and Shell Offshore Inc. as Non-Operator.

I. Description of Leases in Contract Area

Federal Lease No. OCS-G 36734, effective December 1, 2019, covering all of Block 31, Alaminos Canyon, OCS Official Protraction Diagram, NG 15-04, containing approximately 5,760.

Federal Lease No. OCS-G 36735, effective December 1, 2019, covering all of Block 75, Alaminos Canyon, OCS Official Protraction Diagram, NG 15-04, containing approximately 5,760 acres.

Federal Lease No. OCS-G 36736, effective December 1, 2019, covering all of Block 76, Alaminos Canyon, OCS Official Protraction Diagram, NG 15-04, containing approximately 5,760 acres.

II. Working Interests of the Parties

| | |
|----------------------------|----------|
| Equinor Gulf of Mexico LLC | 66.6667% |
| Shell Offshore Inc. | 33.3333% |

III. Operator

Equinor Gulf of Mexico LLC

IV. Representatives

Equinor Gulf of Mexico LLC

Equinor Gulf of Mexico LLC
2107 CityWest Boulevard, Suite 100
Houston, TX 77042

| | |
|-----------------|-------------------|
| Alyssa Karotkin | (713) 579-9835 |
| E-Mail: | alyka@equinor.com |
| Facsimile: | (713) 918-8290 |

Shell Offshore Inc.

Addresses:

Names of Representatives:

Through Initial Appraisal Operations:

Shell Offshore Inc.
701 Poydras Street
New Orleans, Louisiana 70139

Scott M. Ham (504) 425-7357
E-Mail: scott.ham@shell.com
Facsimile: (504) 425-0399

and

Shell Offshore Inc.
150 N. Dairy Ashford
Houston, TX 77079

Jay Pepperman (832) 337-0858
E-Mail: jay.pepperman@shell.com
Facsimile: (832) 337-5646

For Subsequent Appraisal & Development Operations:

During Development Phase:

Shell Offshore Inc.
150 N. Dairy Ashford
Houston, TX 77079

Shona Walker (832) 337-1923
E-Mail: shona.walker@shell.com
Facsimile: (832) 337-5646

During Production Operations:

Shell Offshore Inc.
701 Poydras Street
New Orleans, LA 70139

Mark E. Thompson (504) 425-6272
E-Mail: mark.thompson@shell.com
Facsimile: (504) 425-0399

End of Attachment "1"

ATTACHMENT “2”

Attached to and made a part of that certain Prospect Bowmore Memorandum of Operating Agreement, Mortgage, Security Agreement and Financing Statement dated effective June 1, 2020, by and between Equinor Gulf of Mexico LLC, as Operator, and Shell Offshore Inc. as Non-Operator.

I. Farmors in Contract Area

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End of Attachment “2”